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California's Lockyer Creates Web Site To Champion Muni Rating Reforms

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By [Andrew Ward](#)

SAN FRANCISCO -California Treasurer Bill Lockyer opened a new front in his battle to increase state and local government bonds ratings, launching a campaign-style Web site with the message "Municipal Bond Rating Reform: Protect Taxpayers, End the Double Standard."

The site - <http://www.treasurer.ca.gov/fairbondratings> - outlines Lockyer's case. He says local government borrowers rarely default on their bonds and should get higher ratings than corporations that default at much higher rates. The new site offers a form that will create letters to rating agencies for Web surfers, contact information for rating agency officials, and sample lobbying letters in addition to lists of supporters, news, and background.

Lockyer's latest salvo in the battle with credit rating agencies follows his threat to use California's massive pension funds to launch a proxy battle against Standard & Poor's parent, the McGraw-Hill Cos. It also follows a House Financial Services Committee hearing at which Chairman Barney Frank, D-Mass., lambasted "ridiculous" muni ratings standards.

Moody's Investors Service last month agreed to offer governments both its traditional muni ratings and "global scale" ratings that show the strength of

muni borrowers relative to all borrowers. Fitch Ratings named Robert Grossman to head a review of "harmonizing" its corporate and public finance rating scales. Standard & Poor's contends that it already uses a single scale.

"Under the current system, the agencies hold governmental issuers to a higher standard," Lockyer's office said in a release announcing the new Web site. "The result is lower bond ratings that force taxpayers to shoulder substantial, unwarranted costs in the form of higher interest payments and insurance premiums."

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